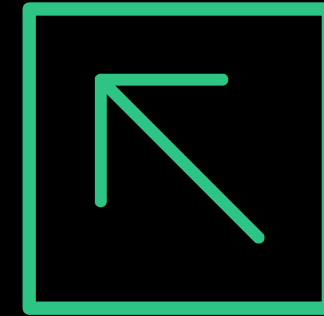


Ensuring Supply Continuity During Turbulent Times

A Visual Spotlight

Executive Summary

Despite the abundance of new insights and analytics, the development and implementation of supply chain risk management strategies remain nascent. In the meantime, global risk factors continue to evolve, leaving organizations unprepared and operations unnecessarily disrupted by events that are largely predictable — and in many cases avoidable. Savvy procurement decision-makers know that to emerge as Leaders they must learn to collaborate more effectively and build a strong foundation to ensure supply chain continuity.



Only **15%** of respondents were considered Leaders in our maturity model. Their organizations have a formal and broadly applied program across various approaches in supply chain management.

Avoiding Supply Chain Disruptions Is A Top Priority

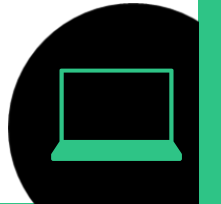
97%

say ensuring supply continuity is a Crucial or Important priority.



64%

say ensuring supply continuity has increased in priority since COVID-19 (88% of Leaders).



Supply chains must be able to better anticipate risk, recover from unplanned disruption, and pivot to seize new opportunities.

Since COVID-19 emerged, procurement priorities have shifted to ensuring supply continuity.

Procurement Must be Careful Of Overconfidence In Its Performance



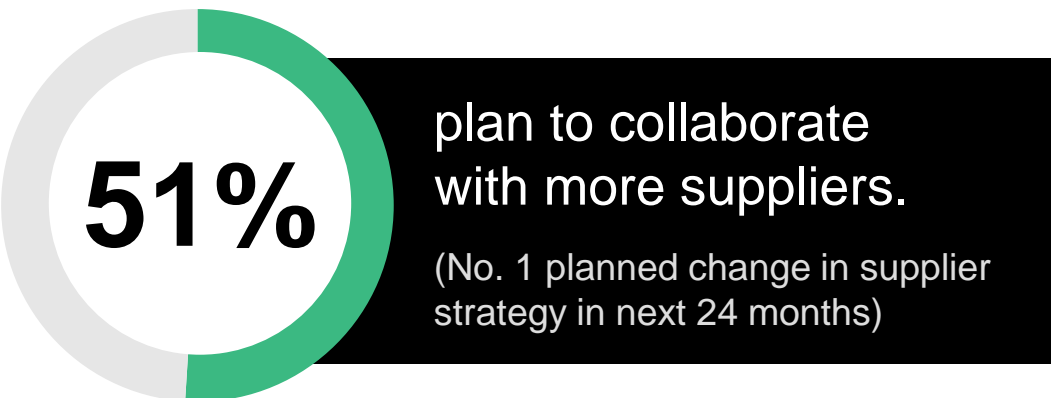
77%

of respondents rate their supply chain continuity in the past year as better than competitors

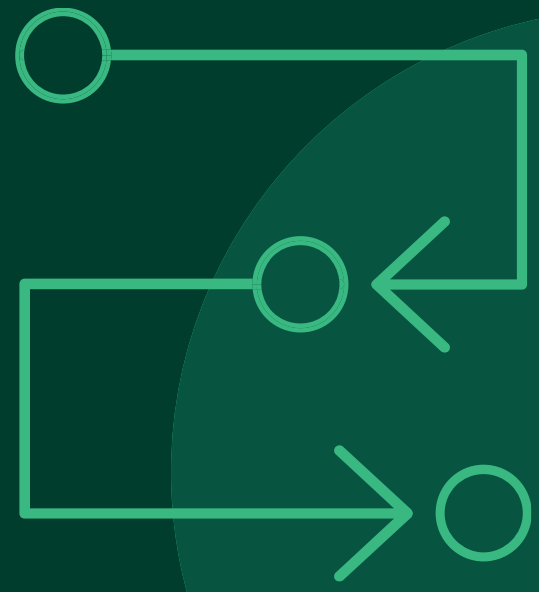


Only **5%** of respondents rate their supply chain continuity in the past year as worse than competitors

Overconfidence is dangerous.



Suppliers Are Recognized As Being Critical To Success



Supplier Management Approaches

As interconnections and interdependencies within supply and demand networks increase, so does the likelihood that failure in one part of the network will ripple across the network. To prevent failures, procurement leaders are becoming inclusive, collaborative, and flexible.

75%

We include suppliers in medium-term planning.

73%

We jointly define improvement plans with suppliers and monitor progress.

72%

We provide suppliers as much flexibility as possible in how they meet our requirements.

Top Barriers To Ensuring Supply Continuity Include:

Inability to effectively assess the overall risk across suppliers in a category (30%).

Inadequate systems for defining and triggering our response to supply chain disruption (26%).

Inability to effectively assess the risk of individual suppliers (25%).

Top Strategies Applied To Minimize The Frequency And Impact Of Supply Disruptions

Implemented automated risk monitoring solutions to proactively notify us of risk events

56%

Increased inventory levels

54%

Leverage predictive risk-alerts

49%

Organizations are applying various strategic initiatives to minimize the frequency and impact of supply chain disruptions. Leaders leverage fewer strategies but implement them more effectively.

Conducted on-site visits of strategic suppliers

48%

Rationalized our supply base to better monitor and engage fewer suppliers

48%

Negotiated visits of strategic suppliers

44%

Key Recommendations



Effective supply chains focus on anticipating demand more than orchestrating supply.



Supply chain resilience depends on effective collaboration and monitoring. Invest in processes and systems to enable both.



Visibility of current supply and demand is not enough. Forecasting based on scenarios and sharing that data with suppliers is essential

Methodology

In this study, Forrester conducted an online survey of 462 procurement leaders across the globe. Survey participants included decision-makers at the director level and above across a wide range of industries. Questions provided to the participants asked about their organizations' approaches to supplier management and how formalized their processes are. This enabled us to create a maturity model to identify and separate Leaders, Intermediates, and Beginners, and to analyze their behaviors and initiatives. The study began in January 2022 and was completed in May 2022.

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